

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB1038

House of Origin ☐ Introduced ☒ Substitute ☒ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Lucas

3. Committee: Transportation

4. Title: Transportation funding in the Hampton Roads region.

5. Summary: Raises revenue for the Hampton Roads Regional Transit Fund by levying a regional grantors tax and a regional transient occupancy tax in Planning District 23. The bill provides that the new revenues generated shall be used for the Hampton Roads Regional Transit Program with the goal to provide a modern, safe, and efficient core network of transit services across the Hampton Roads region.

6. Budget Amendment Necessary: No. The additional revenues generated by this legislation could be appropriated administratively.

7. Fiscal Impact Estimates: Preliminary. See item 8.

Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2021	\$25,152,214	Hampton Roads Regional Transit Fund
2022	\$22,512,845	Hampton Roads Regional Transit Fund
2023	\$24,892,761	Hampton Roads Regional Transit Fund
2024	\$25,258,212	Hampton Roads Regional Transit Fund
2025	\$25,639,281	Hampton Roads Regional Transit Fund
2026	\$26,012,304	Hampton Roads Regional Transit Fund

8. Fiscal Implications: The bill would create the Hampton Roads Regional Transit Program and the Hampton Roads Regional Transit Fund. The goal of the program is to provide a modern, safe, and efficient core network of transit services across the Hampton Roads region. The Fund would be managed by the Hampton Roads Transportation Accountability Commission for the development, maintenance, improvement, and operation of a core and connected regional network of transit routes and related infrastructure.

The bill would impose a recordation tax of \$0.15 per \$100 of value, called the “Regional transportation improvement fee,” imposed on real estate sale transactions located in any county or city that is a member of the Hampton Roads Transportation District. The following localities are members of the District: the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg; and, Isle of Wight, James City, and York counties. The revenue generated by the tax would be

deposited to the Hampton Roads Regional Transit Fund. The table below summarizes the annual estimated revenue to the Fund that would be generated by this additional tax.

Fiscal Year	HRRTF Recordation Tax Revenue
2021*	\$18,649,600
2022	\$17,161,600
2023	\$17,161,600
2024	\$17,161,600
2025	\$17,161,600
2026	\$17,161,600

* FY 2021 estimate is for 11 months

The bill would impose a one percent additional Transportation District Transient Occupancy Tax (TDTOT) for localities located in the Hampton Roads Transportation District. The revenue from this tax is deposited to the Hampton Roads Regional Transit Fund. The table below provides revenue estimates from the Department of Taxation by locality in the District.

Locality	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Chesapeake	\$706,784	\$804,091	\$840,317	\$880,039	\$921,458	\$962,003
Hampton	\$496,658	\$565,036	\$590,492	\$618,405	\$647,510	\$676,001
Newport News	\$469,774	\$534,451	\$558,529	\$584,931	\$612,460	\$639,409
Norfolk	\$1,076,374	\$1,224,565	\$1,279,735	\$1,340,228	\$1,403,306	\$1,465,052
Portsmouth	\$90,817	\$103,321	\$107,976	\$113,080	\$118,402	\$123,612
Virginia Beach	\$3,085,672	\$3,510,494	\$3,668,651	\$3,842,068	\$4,022,896	\$4,199,906
Virginia Beach Sandbridge District	\$576,535	\$655,910	\$685,460	\$717,862	\$751,648	\$784,721
Total	\$6,502,614	\$7,397,867	\$7,731,161	\$8,096,612	\$8,477,681	\$8,850,704

* FY 2021 estimate is for 11 months

The following table summarizes the total revenue estimates for the Hampton Roads Regional Transit Fund from the recordation tax and transient occupancy tax proposed by this legislation.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Transient Occupancy Tax	\$6,502,614	\$7,397,867	\$7,731,161	\$8,096,612	\$8,477,681	\$8,850,704
Grantor's Tax	\$18,649,600	\$17,161,600	\$17,161,600	\$17,161,600	\$17,161,600	\$17,161,600
Total HRTF	\$25,152,214	\$24,559,467	\$24,892,761	\$25,258,212	\$25,639,281	\$26,012,304

* FY 2021 estimate is for 11 months

9. Specific Agency or Political Subdivisions Affected: Department of Taxation; Virginia Department of Transportation; Department of Rail and Public Transportation.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to HB1726.